Meeting	Management Board	Date	31/10/2016
Agenda item	8	Time	15 Minutes
Proactive publication	Yes	Internal publication	Yes
Presenter	Simon Entwisle		

Topic:

Income and expenditure for quarter 2

Issue:

The income and expenditure report as of the end of September is presented for information and discussion. There are no specific decisions needed.

Background:

This report shows our year to date position against our revised budget agreed at the end of August. If income is received and funds spent in line with projections we would see a small cash surplus of £22,000 at year end.

There are currently no material areas for concern.

Finance Report for Finance Steering Group, SMT and Management Board

September 2016

Executive Summary

This report shows our year to date position against our revised budget agreed at the end of August. If income is received and funds spent in line with projections we would see a small cash surplus of £22,000 at year end.

There are currently no material areas for concern.

When setting our revised budget we accepted the need to track income and expenditure closely, adjusting the latter in line with the significant areas of discretionary spend our budget includes if necessary.

During September our data protection fee income fell short of our revised target by £161,000. Some previously estimated annual costs were also confirmed during the period resulting in a net reduction of £188,000 to our forecasted annual expenditure.

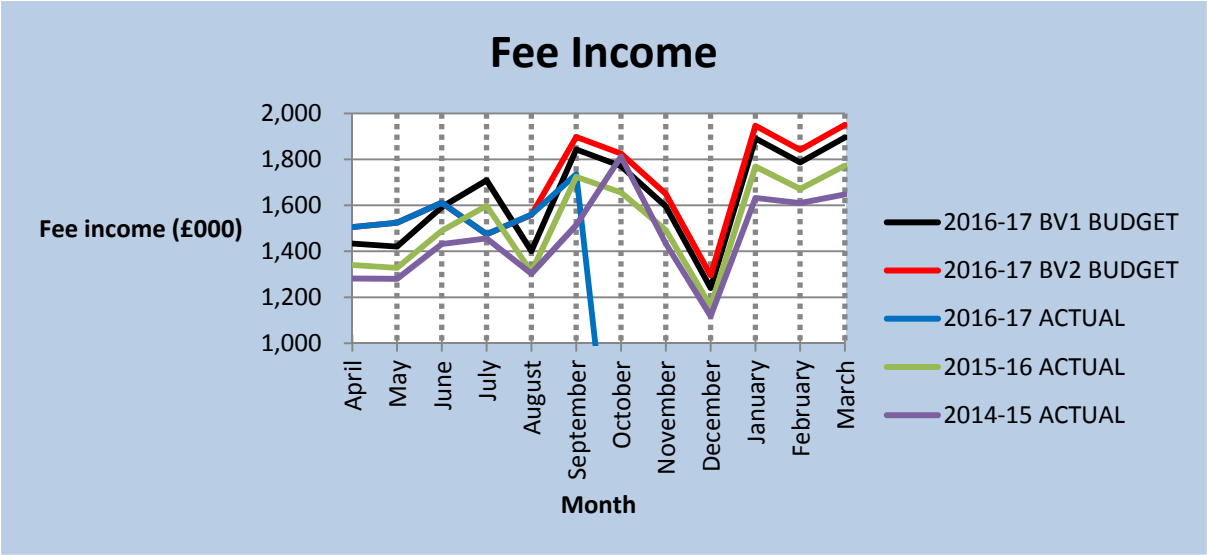
We will be continuing to track income and expenditure extremely closely and revise our forecasts and plans accordingly as the year progresses.

Financial Overview as at 30th September

DP Income

				VARIANCE TO	
	BV1	BV2	ACTUAL	BV1	BV2
APRIL	1,434	1,505	1,505	72	-
MAY	1,420	1,524	1,524	104	-
JUNE	1,593	1,611	1,611	19	-
JULY	1,709	1,474	1,474	(235)	-
AUGUST	1,401	1,559	1,560	159	1
SEPTEMBER	1,843	1,898	1,736	(107)	(162)
CUMULATIVE YTD	9,399	9,571	9,410	11	(161)

We have collected £9.4m of DP fee income so far this year. This is £620k ahead of the same point last year and £161k below our revised target for this year. Our DP fee income therefore continues to rise year on year, but is presently 2.0% behind our revised year end target.



Grant in Aid (GIA)

FoI annual GIA Is £3.75m for 16/17 – 18/19 inclusive. This is paid monthly and returns to and receipts from DCMS are up to date.

A relatively small addition to our annual GIA has also recently been agreed to cover the cost of our EIDAS work. This GIA has been agreed as £40,000 for this year and then £44,100, £44,500, and £45,000 for the next three years. Receipts will start to be collected during the coming quarter, including those to cover funds spent so far this year.

Staff, training and recruitment

Our FTE at 30 September is 426.5 inclusive of agency filled posts against a full year budget of 435 and March 16 figure of 409. We anticipate reaching the budget complement during November.

Budgets for training courses and recruitment were increased significantly during the budget review process. £100k of this increase is so far uncommitted spend set aside for training.

IT service and projects

Total IT spend is on budget year to date.

The IT project budget is £1.38m. This was increased from £1.215m in the recent review. £70k of the increase relates to external legal costs connected to the procurement of new service contracts. We expect our IT Projects budget to spend in full this year.

Our IT service budget was increased by £100,000 to cover the expected increase in software license costs associated with an expanding workforce and some parallel running during our IT transformation programmes. Our IT service budget is expected to spend in full this year.

We have a capital allowance from DCMS of £650,000 this year. Irrespective of our broader financial position, if we have plans to spend in excess of this allowance on capital projects we need authority to do so from the DCMS.

The unspent portion of this allowance is currently committed to IT Projects and is expected to spend in full. Current plans being formed to make changes to our accommodation to help better support our increasing staff numbers will require capital budget. If this is anticipated to be spent this financial year, and would cause us to exceed our £650,000 capital allowance, we will need to request an increase to the allowance from DCMS with this request needing to be made by 4th November at the latest.

Total office costs

Anticipated spend in this area has been reviewed, and reduced, to account for future reductions in car parking costs and the reduction in the cost of our Wycliffe House lease.

Finance costs

Following a meeting with our bank managers our bank charges for the current calendar year have been confirmed. At £38,000 this represents a reduction of £7000 over the previous year. This reduction is due to the elimination of cheques in our payments process and reduced receipts in the registration service which attract much higher processing fees.

Legal, professional & other together with communications costs

A review of forecasted costs in these areas is due during October. There were significant additions to budgets during the budget review process. For example, £112k of legal costs for operation spruce. In addition there is significant funding available for conferences and it has not yet been confirmed what is planned in the coming year in addition to the March DP conference.

Depreciation & Amortisation

These costs are currently running under budget, but will catch up when new assets are capitalised. There is a large amount in the budget in the last quarter to account for any write off of assets at year end. Regular reviews of capital spend are planned for the remainder of the year.

Other activities

The TPS contract is due to come across to the ICO from a date yet to be confirmed. From that point we expect to consolidate those figures into our accounts. These accounts do not therefore reflect any changes for this activity.

Plans to introduce a research bursary are also underway. The extent to which funds can be set aside this financial year will depend on any year end budget surplus. However, discussions with DCMS and HM Treasury to establish the necessary arrangements and approval for such a fund are expected to commence as soon as our proposal has been developed.

Civil Monetary Penalties

The debtor of CMPs owed to the ICO as at 30 September 2016 is £3,001,140 of which £815,000 was provided as a bad debt at the end of March 2016 – net outstanding is £1,750,560 as follows:

B/f 2015-16	*1,873,940*
less bad debt provision 15/16	*(815,000)*
accounts balance	*1,058,940*
Issued penalties gross	2,025,400
Issued penalty increase post appeal	-
Issued prompt payment discount	(128,200)
Net	**2,956,140**
Receipts	(629,780)*
Impaired	-
Balance	**2,326,360**
*paid to consolidated fund in October	255,470

The creditor due to the consolidated fund (via DCMS) in respect of the above is £2,581,830 of which £255,470 was remitted in October. At the present time we do not impair and fully write off penalties until such time as we receive legal advice that the debt cannot be recovered. For prudent accounting purposes we were obliged to make provision for those debtors in liquidation at the end of the last financial year, however these debts have not yet been fully written off as we are still chasing them. For clarity we will not make similar provision until the year end for current year debts.

Simon Entwisle
September 2016

MANAGEMENT REPORT

For the Six Months Ending 30 September 2016

	Year To Date				Full Year				Prior year
	BV2 2016-17	Actual	Variance	Var %	BV2 2016-17	Forecast	Variance	Var %	2015-16
	£	£	£		£	£	£		£
						(£)			
GRANT IN AID	1,875,000	1,875,000	-	-	3,750,000	3,790,000	40,000	1.1%	3,730,768
DP FEE INCOME	9,571,416	9,410,288	(161,128)	(1.7%)	20,080,000	20,080,000	-	-	18,311,232
DRIPA INCOME	165,000	165,000	-	-	330,000	330,000	-	-	330,000
BANK INTEREST	70	(0)	(70)		(2)	-	-	-	-
	-	-							
TOTAL INCOME	**11,611,486**	**11,450,288**	**(161,198)**	**(1.4%)**	**24,159,998**	**24,200,000**	**40,000**	**0.2%**	**22,372,000**
RENT	383,828	376,162	7,666	2.0%	759,272	623,434	135,838	17.9%	746,048
RATES & BUILDING INSURANCE	119,047	112,013	7,034	5.9%	240,001	235,949	4,052	1.7%	236,183
SERVICE CHARGES	14,695	14,832	(137)	(0.9%)	30,571	30,997	(426)	(1.4%)	32,176
CAR PARKING	12,857	13,855	(998)	(7.8%)	89,999	60,771	29,228	32.5%	80,779
HEAT & LIGHT	40,134	49,126	(8,992)	(22.4%)	106,524	106,524	-	-	174,069
WATER	9,379	9,569	(190)	(2.0%)	15,997	15,997	-	-	16,317
CLEANING	40,155	44,081	(3,926)	(9.8%)	60,003	70,003	(10,000)	(16.7%)	60,358
SECURITY	30,770	30,565	205	0.7%	59,000	59,000	-	-	58,502
WASTE	2,460	2,595	(135)	(5.5%)	4,056	4,056	-	-	5,443
STORAGE	1,440	26	1,414	98.2%	10,002	10,002	-	-	16,815
REPAIRS & MAINTENANCE	32,321	24,805	7,516	23.3%	95,003	95,003	-	-	101,556
MOTOR COSTS	(88)	(142)	54	(61.4%)	236	236	-	-	970
KITCHEN	13,418	14,624	(1,206)	(9.0%)	21,500	21,500	-	-	41,127
FURNITURE	10,616	15,563	(4,947)	(46.6%)	13,472	13,472	-	-	7,968
GENERAL EQUIPMENT	11,730	4,783	6,947	59.2%	56,472	56,472	-	-	13,516
STATIONERY	21,543	23,162	(1,619)	(7.5%)	34,149	34,149	-	-	34,930
POSTAGE	31,165	27,419	3,746	12.0%	60,841	60,841	-	-	69,606
DOCUMENT DESTRUCTION	3,915	3,553	362	9.2%	8,001	8,001	-	-	5,984
OTHER	71,367	73,268	(1,901)	(2.7%)	53,109	53,109	-	-	11,207
TOTAL OFFICE COSTS	**850,752**	**839,859**	**10,893**	**1.3%**	**1,718,208**	**1,559,516**	**158,692**	**9.2%**	**1,713,554**
SALARIES	5,951,654	5,941,408	10,246	0.2%	12,184,700	12,184,700	-	-	10,864,109
OVERTIME	53,086	50,771	2,315	4.4%	126,432	126,432	-	-	100,144
PENSION	1,210,598	1,206,126	4,472	0.4%	2,481,608	2,481,608	-	-	2,170,213
NATIONAL INSURANCE	559,350	555,769	3,581	0.6%	1,168,080	1,168,080	-	-	745,893
AGENCY STAFF	76,963	69,724	7,239	9.4%	195,067	195,067	-	-	344,945
SALARIES INCOME	(69,399)	(71,120)	1,721	(2.5%)	(81,645)	(81,645)	-	-	(118,912)
OVERTIME INCOME	(2,508)	-	(2,508)	100.0%	-	(2,508)	2,508	-	-
PENSION INCOME	(13,474)	(15,151)	1,677	(12.4%)	(17,556)	(17,556)	-	-	(24,757)
NATIONAL INSURANCE INCOME	(6,592)	(8,116)	1,524	(23.1%)	(8,408)	(8,408)	-	-	(10,104)
NON EXEC BOARD MEMBER	23,191	20,036	3,155	13.6%	56,467	44,900	11,567	20.5%	46,707
TOTAL STAFF COSTS	**7,782,869**	**7,749,447**	**33,422**	**0.4%**	**16,104,745**	**16,090,670**	**14,075**	**0.1%**	**14,118,238**

MANAGEMENT REPORT

For the Six Months Ending 30 September 2016

	Year To Date				Full Year				Prior year
	BV2 2016-17	Actual	Variance	Var %	BV2 2016-17	Forecast	Variance	Var %	2015-16
	£	£	£		£	£	£		£
RECRUITMENT	44,207	44,217	(10)	(0.0%)	140,003	140,003	-	-	69,071
RELOCATION EXPENSES	19,272	15,817	3,455	17.9%	40,002	40,002	-	-	-
HEALTH & SAFETY	22,434	20,052	2,382	10.6%	45,000	45,000	-	-	44,002
FURTHER EDUCATION	7,157	-	7,157	100.0%	8,003	8,003	-	-	360
TRAINING COURSES	105,029	66,270	38,759	36.9%	397,595	397,595	-	-	50,440
CONFERENCES	74,809	96,880	(22,071)	(29.5%)	32,179	32,179	-	-	103,235
MANAGEMENT DEVELOPMENT	10,222	11,020	(798)	(7.8%)	23,998	23,998	-	-	21,036
TOTAL TRAINING AND RECRUITMENT	**283,130**	**254,256**	**28,874**	**10.2%**	**686,780**	**686,780**	**-**	**-**	**288,144**
HOSTING, WEB AND TELEPHONY	348,228	351,157	(2,929)	(0.8%)	716,322	716,322	-	-	728,360
APP & DESKTOP SUPPORT	355,163	361,222	(6,059)	(1.7%)	680,003	680,003	-	-	731,905
SOFTWARE LICENSING	221,294	221,581	(287)	(0.1%)	384,998	384,998	-	-	300,177
SECURITY CONTRACT	23,607	19,207	4,400	18.6%	50,001	50,001	-	-	35,457
NOTIFICATION PRINTING	74,460	64,283	10,177	13.7%	154,998	154,998	-	-	216,938
MANAGED PRINT	4,962	31,340	(26,378)	(531.6%)	42,234	63,934	(21,700)	(51.4%)	53,443
HARDWARE MAINTENANCE	63,674	64,236	(562)	(0.9%)	80,000	80,000	-	-	53,110
GOV SECURE INTERNET	18,571	-	18,571	100.0%	129,997	129,997	-	-	149,548
TELEPHONY CALLS & BROADBAND	47,896	52,146	(4,250)	(8.9%)	101,560	101,560	-	-	130,822
TOTAL IT COSTS	**1,157,855**	**1,165,172**	**(7,317)**	**(0.6%)**	**2,340,113**	**2,361,813**	**(21,700)**	**(0.9%)**	**2,399,760**
ICE CRM DEVELOPMENT	63,813	7,782	56,031	87.8%	399,999	399,999	-	-	156,092
DOCUMENT STORAGE SOLUTION	26,699	1,982	24,717	92.6%	175,001	175,001	-	-	4,358
DIGITAL DELIVERY	3,950	1,275	2,675	67.7%	20,000	20,000	-	-	124,609
INFRASTRUCTURE	78,733	(2,205)	80,938	102.8%	574,999	574,999	-	-	548,702
OTHER PROJECT WORK	46,840	19,647	27,193	58.1%	209,998	209,998	-	-	332,795
NPS RESOURCE	164,618	344,137	(179,519)	(109.1%)	2	2	-	-	-
TOTAL PROJECT SPEND (INC CAPITAL)	**384,653**	**372,618**	**12,035**	**3.1%**	**1,379,999**	**1,379,999**	**-**	**-**	**1,166,556**
CAMPAIGNS, MEDIA RELATIONS & PR	17,398	21,810	(4,412)	(25.4%)	44,998	44,998	-	-	27,580
MEDIA MONITORING	29,648	43,641	(13,993)	(47.2%)	45,002	95,002	(50,000)	(111.1%)	71,084
DESIGN & PRINT	39,307	31,307	8,000	20.4%	54,997	54,997	-	-	66,918
DISTRIBUTION	16,840	13,019	3,821	22.7%	40,000	40,000	-	-	24,900
SURVEYS	16,671	20,299	(3,628)	(21.8%)	66,003	66,003	-	-	111,191
CONFERENCES GENERAL	49,134	52,243	(3,109)	(6.3%)	154,000	104,000	50,000	32.5%	288,952
CONFERENCE INCOME	(1,035)	(1,035)	-	-	(44,000)	(44,000)	-	-	(57,151)
CONFERENCES EUDP	-	-	-	-	-	-	-	-	-
ICON DEVELOPMENT	3,429	-	3,429	100.0%	24,003	24,003	-	-	5,178
STAFF EVENTS	19,040	16,881	2,159	11.3%	6,002	6,002	-	-	27,651
WEB MAINTENANCE	6,576	3,492	3,084	46.9%	30,000	30,000	-	-	49,397
TOTAL COMMUNICATIONS	**197,008**	**201,657**	**(4,649)**	**(2.4%)**	**421,005**	**421,005**	**-**	**-**	**615,700**
BANK INTEREST TO CONSOLIDATED FUNDS	70	0	70	**99.6%**	**(2)**	-	**(2)**	**100.0%**	
BANK CHARGES	405	403	2	0.5%	30,001	47,501	(17,500)	(58.3%)	30,956
CARD PROCESSING CHARGES	39,389	39,829	(440)	(1.1%)	72,719	72,719	-	-	75,726
BAD DEBT WRITE OFFS	300	350	(50)	(16.7%)	-	-	-	-	5,410
EXTERNAL AUDIT	-	-	-	-	32,500	32,500	-	-	32,500
INTERNAL AUDIT	18,675	19,581	(906)	(4.9%)	37,365	37,365	-	-	36,642
CORPORATION TAX	86	17	69	80.2%	2	17	(15)	(750.0%)	61
TOTAL FINANCIAL COSTS	**58,925**	**60,180**	**(1,255)**	**(2.1%)**	**172,585**	**190,102**	**(17,517)**	**(708.3%)**	**181,295**

MANAGEMENT REPORT

For the Six Months Ending 30 September 2016

	Year To Date				Full Year				Prior year
	BV2 2016-17 £	Actual £	Variance £	Var %	BV2 2016-17 £	Forecast £	Variance £	Var %	2015-16 £
TRAVEL UK	200,197	196,637	3,560	1.8%	437,233	437,233	-	-	380,385
TRAVEL OVERSEAS	43,220	50,221	(7,001)	(16.2%)	43,508	43,508	-	-	76,093
TRAVEL INCOME - UK	(3,541)	(3,554)	13	(0.4%)	(2,917)	(7,000)	4,083	(140.0%)	(6,404)
TRAVEL INCOME - OVERSEAS	(6,799)	(7,492)	693	(10.2%)	(5,461)	(10,000)	4,539	(83.1%)	(16,302)
TOTAL TRAVEL	**233,077**	**235,812**	**(2,735)**	**(1.2%)**	**472,363**	**463,741**	**8,622**	**1.8%**	**433,772**
LEGAL	150,687	135,125	15,562	10.3%	491,511	491,511	-	-	223,118
LEGAL COSTS RECOVERED	(14,403)	(14,935)	532	(3.7%)	(14,145)	(20,000)	5,855	(41.4%)	(7,289)
LIBRARY & SUBSCRIPTIONS	31,609	29,211	2,398	7.6%	68,203	68,203	-	-	72,720
PROFESSIONAL SUBS	6,300	3,875	2,425	38.5%	21,150	21,150	-	-	18,727
SUBSISTENCE	162	189	(27)	(16.7%)	-	-	-	-	239
RESEARCH	20,546	17,877	2,669	13.0%	50,000	50,000	-	-	38,367
PRIVACY SEALS	-	-	-	-	-	-	-	-	50,655
DP REGULATION FUTURES PROJECT	-	-	-	-	-	-	-	-	20,000
PROFESSIONAL SERVICES	59,984	48,827	11,157	18.6%	216,320	216,320	-	-	155,067
STAFF RECOGNITION	1,281	15	1,266	98.8%	8,883	8,883	-	-	8,901
	0	0							
TOTAL LEGAL, PROFESSIONAL & OTHER	**256,166**	**220,184**	**35,982**	**14.0%**	**841,922**	**836,067**	**5,855**	**0.7%**	**580,505**
TOTAL COSTS	**11,204,435**	**11,099,186**	**105,249**	**0.9%**	**24,137,720**	**23,989,693**	**148,027**	**0.6%**	**21,497,524**
OPERATING CASH SURPLUS	**407,051**	**351,102**	**55,949**	**13.7%**	**22,278**	**210,307**	**188,027**	**844.0%**	**874,476**
								paid	*907,776*
CAPITAL SPEND	**-**	**-**	**-**	**-**	**650,000**	**650,000**	**-**	**-**	**864,225**
DEPRECIATION	375,705	375,140	565	0.2%	965,000	965,000	-	-	1,002,015
AMORTISATION	453,525	448,232	5,293	1.2%	999,998	999,411	587	0.1%	821,079
LOSS ON DISPOSAL OF FIXED ASSETS	(1,030)	(514)	(516)	50.1%	2	(514)	516	25800.0%	340,211
TOTAL NON CASH COSTS	**828,200**	**822,858**	**5,342**	**0.6%**	**1,965,000**	**1,963,897**	**1,103**	**0.1%**	**2,163,305**